



Ref. PDI/BK-BS-060/2013

23 September 2013

To: President  
The Stock Exchange of Thailand

Re.: Cadmium contamination court case in the Mae Sod district (revised)

The Company has disclosed to SET in the notes of the interim financial statement period ended 30 June 2013 on the subject of Litigation that the Company has been served notice of five complaints by 1,141 plaintiffs filed in the Bangkok Southern Civil Court. The plaintiffs are seeking compensation of Baht 3,969 million from the Company alleging that it caused cadmium contamination in the Mae Sod district of the Tak province. The Company has filed answers to all the claims as ordered by the Court, the cases are pending for the court proceeding, but is confident that its strict environmental measures are in line with the regulations and requirements of the authorities. Management intends to defend the case vigorously. At that stage, the outcome of the proceedings is unknown and no contingent liability has been recorded.

On 20 September 2013, the Bangkok South Civil Court read a judgment on the first case against Padaeng Industry Public Company Limited (PDI) and Tak Mining Company Limited of the Black Case No. 66/2552, filed by a group of villagers (a total of 207 villagers) in the Mae Tao basin, Mae Sot District, Tak Province. The accusation being that the mining operations of both companies caused cadmium contamination in the area. The villagers claimed over 726 million Baht as damage compensation consisting of Plaintiffs who obtained Cadmium patients' card from the Mae Sod Hospital, Plaintiffs who claimed that they were unable to use the land for agriculture, Plaintiffs who claimed of losing their jobs, Plaintiffs who were scared of Cadmium contamination, compensation for loss of culture and traditional living, and the request for PDI and Tak Mining to pay 50 million Baht and 3 percent of PDI's profit to the Risk Insured Fund and improving quality of lives and environment as well as restore the environment under the cost of PDI and Tak Mining.

The court judgment on 20 September 2013 ordered Padaeng Industry and Tak Mining to pay a compensation of over 7 million Baht only to villagers who hold the Cadmium patient's card from the Mae Sod Hospital. The Company and Tak Mining are equally responsible for this compensation. For other Plaintiffs who claimed to have been damaged from the contamination, the Court gives a judgment to dismiss all claims because they were not able to prove that there were such damages claimed.

PDI will study the stated court judgment in detail supported by our lawyer and will consider to appeal the court order accordingly.

**The other four cases are still at the court proceeding.**



Attached please also find the press release on the matter.

Please be notified accordingly.

Yours truly,

- Signature -

(Dr. Surin Tanticharoenkiat)  
Company Secretary

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**Press Release**

**Padaeng Industry Public Company Limited**

**September 20, 2013**

**For further information**

**Corporate Communication**

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## **Padaeng Industry considers to appeal in the cadmium contamination case**

- **The Company remains confident in its mining operations**
- **The Company confirms to continue its policy to cooperate with all parties to solve the issues in the area**

On 20 September 2013, the Bangkok South Civil Court reads a judgment on the case against Padaeng Industry Public Company Limited (PDI) and Tak Mining Company Limited of the Black Case No. 66/2552, filed by a group of villagers (a total of 207 villagers) in the Mae Tao basin, Mae Sot District, Tak Province. The accusation being that the mining operations of both companies caused cadmium contamination in the area. The villagers claimed over 726 million Baht as damage compensation consisting of Plaintiffs who obtained Cadmium patients' card from the Mae Sod Hospital, Plaintiffs who claimed that they were unable to use the land for agriculture, Plaintiffs who claimed of losing their jobs, Plaintiffs who were scared of Cadmium contamination, compensation for lost of culture and traditional living, and the request for PDI and Tak Mining to pay 50 million Baht and 3 percent of PDI's profit to the Risk Insured Fund and improving quality of lives and environment as well as restore the environment under the cost of PDI and Tak Mining.

Mr. Unnop Tungkananukulchai , Vice President - Regulatory Affairs, Padaeng Industry Public Company Limited, said that the court judgment today orders Padaeng Industry and Tak Mining to pay a compensation over 7 million Baht only to villagers who hold the Cadmium patient's card from the Mae Sod Hospital. The Company and Tak Mining are equally responsible for this compensation. For other Plaintiffs who claimed to have been damaged from the contamination, the Court gives a judgment to dismiss all claims because they were not able to prove that there were such damages claimed.

PDI will study the stated court judgment in detail supported by our lawyer and will consider to appeal the court order accordingly.

PDI presented facts to the court procedures supported by strong scientific evidence from various studies performed by government authorities, educational institutions and international experts. The studies clearly show that cadmium contamination in the area has been caused by a natural erosion process over millions of years ago, not by PDI's mining



operations. The evidence also shows that the cadmium contamination in this area did occur long before PDI started to operate the mines. Also, PDI has strict measures in place, to prevent any impact on the environment and the health of people. It has always complied with all rules and regulations of the government authorities concerned. PDI has received the Outstanding Green Mining Company Award for 3 consecutive years and also the Outstanding CSR-DPIM Continuous Award from the Department of Primary Industries and Mines (DPIM).”

With its social responsibility commitment, PDI has voluntarily cooperated with a wide range of concerned parties to help solving the villagers’ problems from the very start and without waiting for the Court’s judgment. PDI has helped the villagers to convert in growing sugar cane for ethanol production instead of rice. In addition, PDI has supported the Mae Sod Hospital to provide health care for the villagers in the area, regardless the fact that the company is not causing the cadmium contamination. PDI will pursue its strategy of corporate social responsibility to the community in a wide range of activities.

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### **General Information**

Established on April 10, 1981 and listed on the Stock Exchange of Thailand on July 21, 1987, PDI is the sole producer of high grade zinc in Southeast Asia with an annual production capacity of 110,000 mt of zinc metal and alloys.

The Company operates a large-scale zinc mine in Mae Sod district, and a zinc refiner in Muang district of Tak province, and a roaster facility in Map Ta Phut district of Rayong province.